

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
GREENVILLE DIVISION**

In the Matter of CAH Acquisition Company #1, LLC d/b/a Washington County Hospital	Case No. 19-00730-5-JNC Chapter 11
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**BANKRUPTCY ADMINISTRATOR’S OBJECTION TO SECOND APPLICATION BY
GRANT THORNTON LLP AS FINANCIAL CONSULTANT FOR THE TRUSTEE
FOR THE ALLOWANCE OF INTERIM COMPENSATION AND REIMBURSEMENT
OF EXPENSES [JUNE 1, 2019 TO JULY 31, 2019]**

Now comes the Bankruptcy Administrator for the Eastern District of North Carolina and files this objection to the Second Application by Grant Thornton LLP (“GT”) as Financial Consultant for the Trustee for the Allowance of Interim Compensation and Reimbursement of Expenses [June 1, 2019 To July 31, 2019] and in support shows the court the following:

1. This case was filed as an involuntary chapter 7 on February 19, 2019. The Trustee filed a motion to employ GT as financial consultant on April 18, 2019 and the court approved the employment (effective as of February 19, 2019) on May 9, 2019.

2. The order incorporated the Trustee’s employment motion by reference. The motion describes the services to be provided by GT in this case. “Working under the direction of the Trustee and collaboratively with the Trustee’s counsel and other professionals,” the firm was employed to provide the services set forth on Exhibit A. These services have been split into two categories-Financial Consulting and Forensic Technology. GT seeks payment of \$78,678.00 in professional fees and \$530.92 in expenses. It has voluntarily reduced its fees by \$3,705.00 and voluntarily reduced its expenses by \$68.38.

3. In reviewing the application, the BA has identified time entries of concern. These concerns regard \$15,951.00 of billed time for working on fee applications and \$3,605.00 for billed time that is either vague, duplicative, or outside the scope of employment. The BA believes a fifty percent (50%) reduction in time billed for compiling fee applications is warranted. Therefore, the total reduction by the BA’s calculation should be \$15,580.50 instead of \$3,705.00. These time entries are identified on the attached Exhibit B and Exhibit C. The BA believes that this additional reduction is well founded and would support a fee reduction in this amount in addition to the voluntary reduction already made by GT.

Wherefore, based on the forgoing, the BA respectfully objects to the Second Application by Grant Thornton LLP, requests that the Court hold a hearing on this matter; and, requests

such other and further relief as the court deems just and proper.

Respectfully submitted, this 15th day of November 2019.

Marjorie K. Lynch
Bankruptcy Administrator

By: /s/ Kirstin E. Gardner
Kirstin Gardner
Staff Attorney
Bankruptcy Administrator's Office
434 Fayetteville Street, Suite 640
Raleigh, North Carolina 27601
(919) 334-3889
kirstin_gardner@nceba.uscourts.gov
State Bar No. 52144

CERTIFICATE OF SERVICE

I, Kirstin E. Gardner, of 434 Fayetteville Street, Suite 640, Raleigh, North Carolina, 27601, certify:

That I am, and at all times hereinafter mentioned was, more than eighteen (18) years of age.

That on this day, I served copies of the foregoing document electronically on the following:

Thomas W. Waldrep
Trustee

Jennifer Lyday
Waldrep LLP
Attorney for Trustee

Rebecca Redwine
Hendren Redwine and Malone
Attorney for Trustee

Robert Vanderbeek
Managing Director
Grant Thornton LLP

I certify under penalty of perjury that the foregoing is true and correct.

Dated this the 15th day of November 2019.

By: /s/ Kirstin E. Gardner
Kirstin Gardner
Staff Attorney
Bankruptcy Administrator's Office
434 Fayetteville Street, Suite 640
Raleigh, North Carolina 27601
(919) 334-3889
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EXHIBIT A-SCOPE OF SERVICES FOR GRANT THORNTON

- a) Analyze the Debtor's financial position, business plans, and financial projections prepared by management including, but not limited to, commenting on assumptions and comparing those assumptions to historical Debtor and industry trends;
- b) Consult with the Trustee on the assessment of a bankruptcy exit strategy;
- c) Consult with the Trustee in connection with the development of financial projections;
- d) Assist the Trustee with its communications with patients, suppliers, statutory committees, and other parties-in-interest;
- e) Analyze the Debtor's rolling 13-week cash receipts and disbursements forecast and assess liquidity and DIP financing needs;
- f) Consult with the Trustee regarding their valuation of the Debtor on a going-concern and liquidation basis;
- g) Consult with the Trustee, in coordination with legal counsel, in the preparation of a disclosure statement, plan of reorganization and the underlying business plans from which those documents are developed;
- h) Assist the Trustee, in coordination with legal counsel, in evaluating competing disclosure statements, plans and other strategic proposals made by the Committee of Unsecured Creditors or other interested parties in this Chapter 11 case;
- i) Assist the Trustee in responding to information requests submitted by statutory committees and their legal and/or financial counsel;
- j) Assist the Trustee with its vendor management program;
- k) Consult with the Trustee regarding the preparation of required financial statements, schedules of financial affairs, monthly operating reports, and any other financial disclosures required by the Court;
- l) Provide expert advice and testimony regarding financial matters related to, including, among other things, the feasibility of any proposed plan of reorganization, and the valuation of any securities issued in connection with any such plan;
- m) Analyze the Debtor's Information Technology ("IT") infrastructure, storage media, and third-party systems;
- n) Consult with the Trustee on the assessment of Debtor's IT systems;
- o) Consult with the Trustee in connection with the development of data-preservation and data-collection efforts described in the Statement of Work dated April 4, 2019;
- p) Provide digital forensic and related services (including, but not limited to, forensic preservation and collection of electronic data), to be performed at the direction of the Trustee;
- q) Assist the Trustee with its communications with third-party IT providers and other parties-in-interest;

EXHIBIT A-SCOPE OF SERVICES FOR GRANT THORNTON

- r) Assist the Trustee in responding to information requests submitted by statutory committees and their legal and/or financial counsel; and
- s) Provide additional services as requested from time to time by the Trustee and agreed to by Grant Thornton.

Exhibit B

Professional Fees Incurred - Financial Consulting					
Name	Date	Narrative	Hours	Rate	Value
Wayne, Michael	6/3/2019	Preparation of fee application.	0.2	\$250.00	\$50.00
Kelly, Holly	6/3/2019	Assist with fee application data gathering, process mapping, and determining initial write-offs.	0.1	\$310.00	\$31.00
Balikian, Casey	6/3/2019	Begin drafting fee application.	0.8	\$250.00	\$200.00
Kelly, Holly	6/3/2019	Review Waldrep and HRM's fee applications to learn what information should be presented in GT's initial fee application and to identify the legal language needed for certain items.	0.1	\$310.00	\$31.00
Balikian, Casey	6/4/2019	Continue creating fee application.	0.9	\$250.00	\$225.00
Balikian, Casey	6/5/2019	Finalize fee application excel template and finish drafting fee application word documents.	0.7	\$250.00	\$175.00
Balikian, Casey	6/6/2019	Prepare and review fee application.	0.3	\$250.00	\$75.00
Wayne, Michael	6/10/2019	Build fee application model addendum; edit narratives for spelling errors.	0.2	\$250.00	\$50.00
Kelly, Holly	6/10/2019	Review progress on fee application and communicate additional steps needed.	0.3	\$310.00	\$93.00
Balikian, Casey	6/10/2019	Prepare and review fee application.	0.7	\$250.00	\$175.00
Murray, Ryan	6/10/2019	Assist with fee application preparation.	0.4	\$90.00	\$36.00
Balikian, Casey	6/11/2019	Further prepare Grant Thornton Initial fee application.	1.2	\$250.00	\$300.00
Kelly, Holly	6/12/2019	Review progress on fee application and communicate additional steps needed.	0.5	\$310.00	\$155.00
Kelly, Holly	6/19/2019	Evaluate fee applications make comments on necessary changes and next steps.	0.8	\$310.00	\$248.00
Wayne, Michael	6/19/2019	Prepare fee application by determining and recommending which entries should be voluntary reductions and which should not.	1.4	\$250.00	\$350.00
Wayne, Michael	6/20/2019	Prepare fee application narratives by using appropriate chronology.	1.2	\$250.00	\$300.00
Wayne, Michael	6/20/2019	Prepare fee application narratives by editing any spelling or grammar errors.	1.7	\$250.00	\$425.00
Wayne, Michael	6/20/2019	Prepare fee application narratives by collecting missing narratives from appropriate parties.	1.9	\$250.00	\$475.00
Kelly, Holly	6/20/2019	Review time entries and prepare spreadsheet in preparation for fee application.	1.5	\$310.00	\$465.00
Wayne, Michael	6/21/2019	Prepare fee application excel model for final review by removing superfluous items and checking word doc dates for accuracy.	1.1	\$250.00	\$275.00
Kelly, Holly	6/21/2019	Assist in checking dates for fee application word documents; spot check excel model to ensure accuracy.	1.4	\$310.00	\$434.00
Balikian, Casey	6/24/2019	Draft and review fee application given new guidelines from H. Kelly review.	1.6	\$250.00	\$400.00
Kelly, Holly	6/24/2019	Review progress on preparation of Grant Thornton fee application to ensure that deadline will be met.	0.9	\$310.00	\$279.00
Balikian, Casey	6/25/2019	Draft and review fee application given new guidelines from R. Vanderbeek review.	1.3	\$250.00	\$325.00
Balikian, Casey	6/26/2019	Edit and review fee application.	2.5	\$250.00	\$625.00
Kelly, Holly	6/26/2019	Edit and review fee application based on R. Vanderbeek review points; begin compiling final draft.	1.2	\$310.00	\$372.00
Wayne, Michael	6/26/2019	Process fee application and begin to assemble the final document for the court.	1.2	\$250.00	\$300.00
Kelly, Holly	6/27/2019	Edit fee application narratives for completeness, communicate certain items to be changed by timekeepers in next iteration, work towards compilation of final fee application.	2.8	\$310.00	\$868.00
Wayne, Michael	6/27/2019	Process fee application and continue assembling the final document for the court.	2.1	\$250.00	\$525.00

Vanderbeek, Richard R.	6/27/2019	Review and communicate necessary revisions on GT fee application through May 2019.	0.7	\$620.00	\$434.00
Balikian, Casey	6/28/2019	Draft and review fee application.	1.9	\$250.00	\$475.00
Kelly, Holly	6/28/2019	Finalize fee application expenses based on R. Vanderbeek's comments.	2.7	\$310.00	\$837.00
Wayne, Michael	6/28/2019	Review travel time entries per R. Vanderbeek's comments to ensure that all billed time is appropriate.	1.7	\$250.00	\$425.00
Vanderbeek, Richard R.	6/28/2019	Review and revise GT fee application through May 2019.	0.9	\$620.00	\$558.00
Kelly, Holly	7/1/2019	Evaluate fee applications and make revisions per Waldrep's comments.	1.8	\$310.00	\$558.00
Balikian, Casey	7/1/2019	Prepare and review fee application.	0.4	\$250.00	\$100.00
Vanderbeek, Richard R.	7/2/2019	Review fee application and communicate necessary revisions.	0.4	\$620.00	\$248.00
Balikian, Casey	7/2/2019	Respond to R. Vanderbeek's comments, make appropriate revisions, and submit updated final draft.	1.1	\$250.00	\$275.00
Balikian, Casey	7/8/2019	Revise fee application.	0.1	\$250.00	\$25.00
Kelly, Holly	7/8/2019	Revise fee application per Waldrep's comments and prepare summary and comparison of professional fees across firms.	0.4	\$310.00	\$124.00
Kelly, Holly	7/9/2019	Revise fee application per Waldrep's comments.	1.1	\$310.00	\$341.00
Balikian, Casey	7/10/2019	Prepare an analysis showing the fee app write-offs suggested by Waldrep LLP.	1.4	\$250.00	\$350.00
Vanderbeek, Richard R.	7/10/2019	Review and revise Washington fee application and supporting schedules.	0.9	\$620.00	\$558.00
Kelly, Holly	7/10/2019	Revise fee applications per Waldrep's comments.	1.7	\$310.00	\$527.00
Wayne, Michael	7/11/2019	Update fee application based on Waldrep's comments and ensure that all appropriate entries are deducted as voluntary reductions.	1.7	\$250.00	\$425.00
Balikian, Casey	7/11/2019	Prepare and review fee applications.	0.7	\$250.00	\$175.00
Vanderbeek, Richard R.	7/11/2019	Review revised fee application, updated for Waldrep comments.	0.3	\$620.00	\$186.00
Kelly, Holly	7/11/2019	Revise fee applications per Waldrep's comments and R. Vanderbeek's assessment of progress.	2.2	\$310.00	\$682.00
Balikian, Casey	7/12/2019	Prepare and review fee applications.	0.1	\$250.00	\$25.00
Kelly, Holly	7/12/2019	Send revised fee application to J. Lyday for review.	0.1	\$310.00	\$31.00
Balikian, Casey	7/22/2019	Finalize fee application word document.	0.1	\$250.00	\$25.00
Vanderbeek, Richard R.	7/22/2019	Review final fee application.	0.2	\$620.00	\$124.00
Kelly, Holly	7/22/2019	Review Grant Thornton fee application to ensure all points were addressed before final submission.	0.1	\$310.00	\$31.00
Balikian, Casey	7/24/2019	Begin editing word doc for June and July fee application.	0.3	\$250.00	\$75.00
Balikian, Casey	7/31/2019	Begin preparing Grant Thornton second fee application.	0.3	\$250.00	\$75.00
		Total Fee Application Expenses			\$15,951.00
		Total Professional Fees Incurred			\$80,580.00

Exhibit C

Professional Fees Incurred - Financial Consulting						
Name	Date	Narrative	Hours	Rate	Value	Objection
Kelly, Holly	6/4/2019	Bi-weekly call with Trustee, Trustee's counsel, and GT Team.	0.2	\$310.00	\$62.00	Duplicate
Kelly, Holly	6/4/2019	Call with Affinity management to discuss budget and cash flow information.	0.6	\$310.00	\$186.00	Duplicate
Kelly, Holly	6/4/2019	Call with J. Lyday to discuss Washington status, management, and budget.	0.3	\$310.00	\$93.00	Duplicate
Kelly, Holly	6/4/2019	Call with R. Vanderbeek regarding Washington management and budget concerns.	0.4	\$310.00	\$124.00	Duplicate
Kelly, Holly	6/6/2019	Evaluate with R. Vanderbeek the Washington management reimbursable expense policy and proposed approval process.	0.6	\$310.00	\$186.00	Duplicate
Kelly, Holly	6/7/2019	Prepare for and participate in bi-weekly call with Trustee, Trustee's counsel, and GT team.	0.3	\$310.00	\$93.00	Duplicate
Wayne, Michael	6/7/2019	Reconcile invoices received from a vendor to understand payable amount.	0.4	\$250.00	\$100.00	Duplicate
Kelly, Holly	6/10/2019	Call with F. Avignone, A. Johnson., J. Levy, and R. Vanderbeek discussing insurance policies.	0.3	\$310.00	\$93.00	Duplicate
Johnson, Andrew H.	6/10/2019	Call with F. Avignone, J. Levy, R. Vanderbeek and H. Kelly regarding Washington County insurance issues.	0.4	\$500.00	\$200.00	Duplicate
Vanderbeek, Richard R.	6/10/2019	Participate on call with Affinity, A. Johnson, H. Kelly and insurance broker re Washington insurance options.	0.4	\$620.00	\$248.00	Scope
Kelly, Holly	6/13/2019	Updating Washington budget to funded to reflect other uses of post-petition receipts.	0.3	\$310.00	\$93.00	Duplicate
Kelly, Holly	6/14/2019	Bi-weekly call with Trustee's counsel with all parties updates on hospitals, questions, and discussions surrounding next steps.	0.1	\$310.00	\$31.00	Duplicate
Johnson, Andrew H.	6/14/2019	Call with Trustee's Counsel and GT team regarding bi-weekly status update.	0.1	\$500.00	\$50.00	Duplicate
Wayne, Michael	6/17/2019	Mine time entry data for quality and organize data into a useful format.	0.8	\$250.00	\$200.00	Vague
Kelly, Holly	6/18/2019	Bi-weekly call with J. Lyday, J. Hendren, J. Gorman, and R. Vanderbeek to update on hospitals.	0.1	\$310.00	\$31.00	Duplicate
Wayne, Michael	6/18/2019	Continue to mine time entry data for quality and organize data into a useful format.	0.6	\$250.00	\$150.00	Vague
Wayne, Michael	6/19/2019	Analyze Washington budget and understand current cash position as a result of funding request for the week beginning 6/17/19.	1.4	\$250.00	\$350.00	Duplicate
Kelly, Holly	6/21/2019	Bi-weekly call with R. Vanderbeek, J. Hendren, and J. Lyday.	0.1	\$310.00	\$31.00	Duplicate
Kelly, Holly	6/25/2019	Bi-weekly call with Trustee and Trustee's counsel.	0.2	\$310.00	\$62.00	Duplicate
Kelly, Holly	7/9/2019	Call with Hendren, Redwine & Malone, J. Lanik, and R. Vanderbeek to discuss case updates.	0.1	\$310.00	\$31.00	Duplicate
Kelly, Holly	7/19/2019	Pull from docket and review Spilman Initial Fee Application.	0.1	\$310.00	\$31.00	Scope
Vanderbeek, Richard R.	7/19/2019	Review and respond to emails re insurance, IB, potential sales and DIP funding.	0.3	\$620.00	\$186.00	Scope
Kelly, Holly	7/23/2019	Read Spilman Disclosure of Compensation For Attorney For Debtor to determine if and how the retainer was allocated across hospitals.	0.1	\$310.00	\$31.00	Scope
Total Objection					\$2,662.00	

Total Professional Fees Incurred

\$80,580.00

Professional Fees Incurred - Forensic Technology						
Name	Date	Narrative	Hours	Rate	Value	Objection
Aberman, David	6/5/2019	Calls with J. Lanik; correspondence with engagement team and counsel (RE: Kansas City collections).	0.1	\$500.00	\$50.00	Duplicate
Min, Erik N	6/7/2019	Correspond with engagement team, client sites, and counsel; Manage and coordinate engagement.	0.1	\$450.00	\$45.00	Vague
Aberman, David	6/11/2019	Correspond with engagement team, client sites, and counsel; Manage and coordinate engagement.	0.1	\$500.00	\$50.00	Vague
Lee, Harry G	6/11/2019	Conduct discussions with technical engagement Director; Manage and coordinate engagement.	0.8	\$620.00	\$496.00	Vague
Lee, Harry G	6/18/2019	Conduct detailed discussions with engagement lead; Manage and coordinate engagement.	0.1	\$620.00	\$62.00	Vague
Aberman, David	6/28/2019	Conduct call with counsel and Department of Labor and follow-up calls regarding collection of data at storage facility with J. Lanik and IT provider.	0.1	\$500.00	\$50.00	Duplicate
Aberman, David	7/10/2019	Correspond with counsel; Manage and coordinate engagement.	0.1	\$500.00	\$50.00	Duplicate
Aberman, David	7/11/2019	Correspond with counsel and IT consultant regarding segregation and data collection.	0.1	\$500.00	\$50.00	Duplicate
Min, Erik N	7/15/2019	Conduct conference call regarding segregation of KC datacenter files.	0.2	\$450.00	\$90.00	Duplicate
Total Objection					\$943.00	
Total Professional Fees Incurred					\$1,803.00	